	Centre	States	Combined Gross fiscal deficit* (Centre and States)
1999-2000 #	104717	94739	188085 (9.6)
2000-2001 @	111972	90092	194384 (8.9)

* Includes Gross Fiscal Deficit of Centre and States minus net lending from Centre to States.

Based on accounts of Centre and revised estimates of States.

@ Based on revised estimates of Centre and budget estimates of States.

Note:

1. The fiscal deficit of Centre excludes the transfer of States' share in the small savings collection.
2. Figures in brackets are percentages to GDP at current market prices.

Decline in Savings in Banks

2541. DR. DASARI NARAYANA RAO : Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the savings rate particularly smaller savings have declined sharply after reduction in rates of interest on them;

(b) if so, the details thereof for the last two years, year-wise;

(c) whether common man and senior citizens particularly the retirees have been hit most by the interest rate reduction; and

(d) if so, the remedial measures Government propose to take in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL) :(a) and (b) The interest rate structure of the commercial banks has been deregulated with banks having given freedom to determine their rates of interest on deposits except on savings banks deposits. The interest rate on savings banks deposit was revised downward by Reserve Bank from 4.5 per cent to 4.0 per cent on April 1, 2000. Reserve Bank of India have reported that there has not been any decline in bank deposits during the recent period. During the year 2001-2002 upto June 29, 2001, aggregate deposits of scheduled commercial banks increased by 50,456 crore (5.2 per cent) as compared to an increase of Rs. 40,561 crore (5.0 per cent) during the corresponding period of the previous year.

(c) and (d) The monetary and credit policy for 2001-02 permitted banks to formulate fixed deposit schemes specifically meant for senior citizens offering them higher and fixed rates of interest as compared to normal deposits of any size. Many banks have already implemented the scheme.

White paper on financial position of Kerala

2542. SHRI N.K. PREMACHANDRAN: Will the Minister of FINANCE be pleased to state:

(a) whether Government are aware of the "White papers" published by Kerala in respect of the financial position;

(b) if so, what is Government's reaction thereto;

(c) whether Government have received any memorandum seeking financial package to overcome the financial crisis of Kerala; and

(d) if so, what is Government's reaction thereto?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) Yes, Sir.

(b) In order to improve the fiscal situation, there is a need for Kerala to embark upon a fiscal reforms programme. Pursuant to the recommendations of the Eleventh Finance Commission (EFC) on Additional Term of Reference, Ministry of Finance has set up an Incentive Fund for Fiscal Reforms of the States including Kerala. Given the broad contours of the fiscal objectives recommended by EFC, the States have been invited to draw their respective Medium Term Fiscal Reforms Programme aimed at improvement in revenue deficit/ surplus of the State.

(c) and (d) Government of Kerala has recently submitted a memorandum to the Government of India. The issues contained in the memorandum concern different Central Ministries and include request for moratorium on loan repayment concerning Ministry of Finance.

Government of India is generally guided by the recommedations of the Finance Commission, in the matter of debt waiver/moratorium. Eleventh Finance Commission has recommended a scheme of debt waiver, which has been accepted by the Government of India. No moratorium has been recommended for Kerala and there is no provision for selective reopening of the issue.